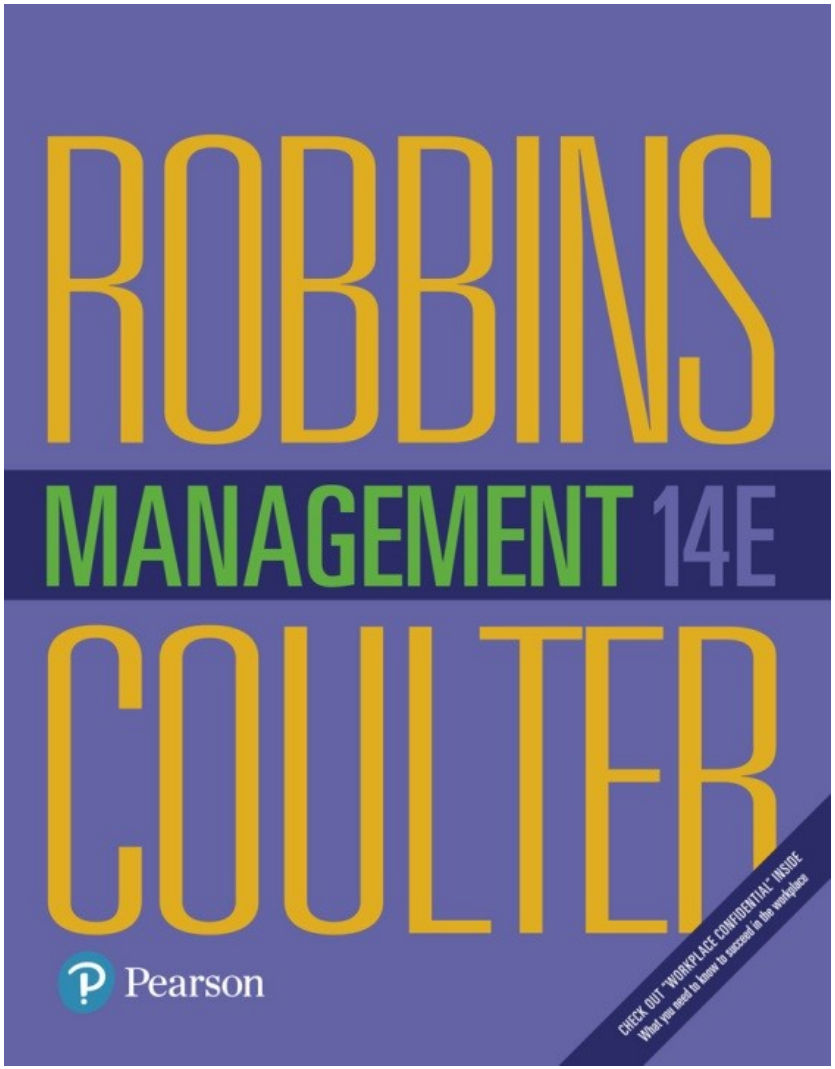
Management

Fourteenth Edition



Chapter 8

Planning Work Activities

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Learning Objectives

8.1 **Define** the nature and purposes of planning.

8.2 **Classify** the types of goals organizations might have and the plans they use.

8.3 **Compare** and contrast approaches to goal-setting and planning.

Know how to set goals personally and create a useful, functional to-do list

Develop your skill at helping your employees set goals

8.4 **Discuss** contemporary issues in planning.

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What is Planning?

- **Planning**: management function that involves setting goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate work activities
- Formal planning
  - Specific, time-oriented goals
  - Goals written and shared

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Why Do Managers Plan?

- Provides direction
- Reduces uncertainty
- Minimizes waste and redundancy
- Establishes the goals and standards for controlling

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Planning and Performance

- Formal planning is associated with positive financial results
- Quality of planning/implementation more important than the extent of it
- External factors can reduce the impact of planning on performance
- Planning-performance relationship seems to be influenced by the planning time frame

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Goals and Plans

- **Goals (objectives)**: desired outcomes or targets
- **Plans**: documents that outline how goals are going to be met

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Types of Goals

- Financial goals
- Strategic goals
- **Stated goals**: official statements of what an organization says, and what it wants its various stakeholders to believe, its goals are
- **Real goals**: goals that an organization actually pursues, as defined by the actions of its members

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Exhibit 8-1
Types of Plans

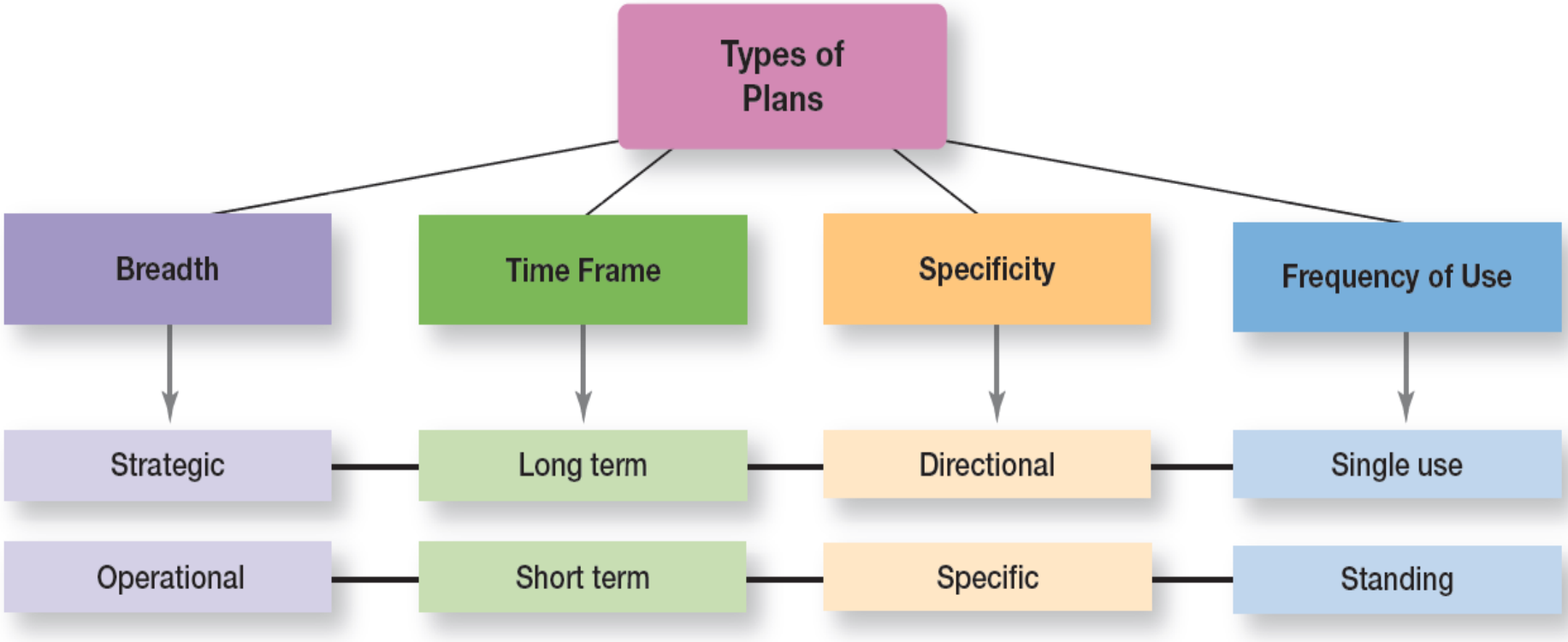

Exhibit 8-1 shows the most popular ways to describe organizational plans.

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Strategic and Operational Plans

- **Strategic plans**: plans that apply to the entire organization and establish the organization's overall goals
- **Operational plans**: plans that encompass a particular operational area of the organization

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Long-term and Short-term Plans

- **Long-term plans**: plans with a time frame beyond three years
- **Short-term plans**: plans covering one year or less

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Specific and Directional Plans

- **Specific plans**: plans that are clearly defined and leave no room for interpretation
- **Directional plans**: plans that are flexible and set out general guidelines

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Single-use and Standing Plans

- **Specific plans**: a one-time plan specifically designed to meet the needs of a unique situation
- **Directional plans**: ongoing plans that provide guidance for activities performed repeatedly

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Approaches to Setting Goals

- **Traditional goal-setting**: an approach to setting goals in which top managers set goals that then flow down through the organization and become subgoals for each organizational area

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Exhibit 8-2
The Downside of Traditional

"We need to improve the company's performance."
"I want to see a significant improvement in this division's profits."
Top Management's Objective
Division Manager's Objective
"Increase profits regardless of the means."
"Don't worry about quality; just work fast."
Department Manager's Objective
Individual Employee's Objective

Exhibit 8-2 illustrates what can happen as the goals make their way down from the top of the organization to lower levels.

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Means-Ends Chain and MBO

- **Means-ends chain**: an integrated network of goals in which the accomplishment of goals at one level serves as the means for achieving the goals, or ends, at the next level
- **Management by objectives (MBO)**: a process of setting mutually agreed upon goals and using those goals to evaluate employee performance

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Exhibit 8-3
Steps in MBO

Step
Step 1: The organization's **overall objectives** and **strategies** are formulated.
Step 2: Major objectives are allocated among **divisional and departmental units.**
Step 3: Unit managers **collaboratively set specific objectives** for their units with their managers.
Step 4: Specific objectives are collaboratively set with **all department members.**
Step 5: **Action plans,** defining how objectives are to be achieved, are specified and agreed upon by managers and employees.
Step 6: The action plans are **implemented.**
Step 7: Progress toward objectives is **periodically reviewed,** and **feedback is provided.**
Step 8: Successful achievement of objectives is reinforced by **performance-based rewards.**

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Exhibit 8-4
Well-Written Goals

Characteristics
Written in terms of outcomes rather than actions
Measurable and quantifiable
Clear as to a time frame
Challenging yet attainable
Written down
Communicated to all necessary organizational members

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Steps in Goal-Setting

1. Review the organization's **mission**, or purpose.
2. Evaluate available resources.
3. Determine the goals individually or with input from others.
4. Write down the goals and communicate them to all who need to know.
5. Review results and whether goals are being met.

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Developing Plans

- Contingency factors in planning:
  - Organizational level
  - Degree of environmental uncertainty
  - Length of future commitments

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Exhibit 8-5
Planning and Organizational

Exhibit 8-5 shows the relationship between a manager's level in the organization and the type of planning done.

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Environmental Uncertainty

- When uncertainty is high, plans should be specific, but flexible.

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Length of Future Commitments

- **Commitment concept**: plans should extend far enough to meet those commitments made when the plans were developed

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Approaches to Planning

- **Formal planning department**: a group of planning specialists whose sole responsibility is helping to write organizational plans

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How Can Managers Plan Effectively in Dynamic Environments?

- Develop plans that are specific but flexible
- Keep planning even when the environment is uncertain
- Allow lower organizational levels to set goals and develop plans

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How Can Managers Use Environmental Scanning?

- **Environmental scanning**: screening information to detect emerging trends
- **Competitor intelligence**: gathering information about competitors that allows managers to anticipate competitors' actions rather than merely react to them

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Digital Tools

- **Business intelligence**: data that managers can use to make more effective strategic decisions
- **Digital tools**: technology, systems, or software that allow the user to collect, visualize, understand, or analyze data

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Three Prevalent Digital Tools

- Data visualization tools
- **Cloud computing**: refers to storing and accessing data on the Internet rather than on a computer's hard drive or a company's network
- **Internet of things (IoT)**: allows everyday "things" to generate and store and share data across the Internet

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Review Learning Objective 8.1

- **Define the nature and purposes of planning.**
  - Planning involves defining the organization's goals, establishing an overall strategy for achieving those goals, and developing plans for organizational work activities.
  - The four purposes of planning include providing direction, reducing uncertainty, minimizing waste and redundancy, and establishing the goals or standards used in controlling.

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Review Learning Objective 8.2

- **Classify the types of goals organizations might have and the plans they use.**
  - Goals are desired outcomes. Plans are documents that outline how goals will be met.
    - Strategic/financial
    - Stated/real
    - Long-term/short-term
    - Specific/directional
    - Single-use/standing

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Review Learning Objective 8.3

- **Compare and contrast approaches to goal-setting and planning.**
  - Traditional goal-setting and MBO
  - Six characteristics of well-written goals
  - Five steps of goal-setting
  - Contingency factors

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Review Learning Objective 8.4

- **Discuss contemporary issues in planning.**
  - Planning in dynamic environments
  - Environmental scanning
    - Competitive intelligence
  - Digital tools

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